

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113  
Sacramento, CA

Minutes of Meeting  
February 26, 2009

**COMMISSIONERS PRESENT**

Michele Burton, M.P.H.  
Wilma Chan  
Daniel Eaton  
Vicki Marti  
Nancy McFadden

**COMMISSIONERS ABSENT**

Marvin Kropke

**CMAC STAFF PRESENT**

J. Keith Berger, Executive Director  
Tacia Carroll  
Paul Cerles  
Denise DeTrano  
Holland Golec  
Mark Klobberdanz  
Katie Knudson  
Jenny Morgan  
Becky Swol  
Mike Tagupa  
Mervin Tamai  
Karen Thalhammer

**EX-OFFICIO MEMBERS PRESENT**

Nancy Hutchison, Department of Health Care Services  
Randy Ward, Department of Finance

**I. Call to Order**

The February 26, 2009 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Commissioner McFadden. A quorum was present.

**II. Approval of Minutes**

The February 5, 2009 meeting minutes were approved as prepared by CMAC staff.

### **III. Executive Director's Report**

J. Keith Berger, Executive Director, informed the Commissioners that the Legislature approved a 17 month budget that was signed the following day by the Governor and also that a stimulus bill was approved and signed at the federal level that will bring significant new federal dollars to the State and hopefully stave off some of the more drastic cuts considered in the final State budget. He noted that despite the passage of the budget and stimulus bill, there are still some major hurdles to face in the coming months that could cause the Legislature and the Governor to revisit the budget before the next fiscal year begins.

Mr. Berger asked CMAC's ex-officio representatives if they would give CMAC a brief overview of the current budget.

Mr. Ward (DOF) indicated that the approved Medi-Cal budget is \$40 billion, which was an increase of \$1.4 billion from last year's budget, and does not reflect any potential dollars from the federal stimulus plan. He noted that this budget maintains Medi-Cal eligibility and restores funding for various proposed reductions including coverage for low-income parents, low-income disabled individuals, and other programs.

Relative to the stimulus plan, Mr. Ward said that at this point it is estimated that the State will receive close to \$8 - \$10 billion for Medi-Cal as well as funds for Disproportionate Share Hospitals (DSH). He noted that before the State can receive these funds, the Legislature must set forth federal guidelines, and Mr. Ward hopes to give CMAC a more detailed timeline soon.

Nancy Hutchison (DHCS) explained to CMAC that among the specific impacts to the Medi-Cal program included in the budget were: reductions to county administrative costs and eligibility estimated to be \$23 million; a reduction to optional Medi-Cal benefits; and a 10 percent reduction to safety net care pool funds for designated public hospitals. She noted that reductions to both the optional Medi-Cal benefits and the safety net care pool funds will not occur if there is sufficient funding in the stimulus plan.

Ms. Hutchison informed CMAC that included in the stimulus plan is an increase in funds, but there is still no official word yet from Centers for Medicare & Medicaid Services (CMS) regarding details. She noted that hospitals that use Certified Public Expenditures (CPE) to receive federal funds will be able to use fewer CPEs in the future. Also, there will be an increase in the State's 2009 DSH allotments above the amount anticipated. The current allocation to California is \$1.032 billion. From the first proposed increase, which is not part of the stimulus package, the State planned to have \$1.074 billion available for distribution, and the stimulus package will add more funds on top of that, although the additional amount is not yet known.

Ms. Hutchison indicated that there was an extension on unemployment insurance and several one-time payments and credits for government assistance recipients of premium subsidies as well as a moratorium on several Medicaid regulations packages that, if enacted, would have had a significant negative impact on the amount of federal funding that the state

can claim. She said that DHCS is analyzing the stimulus package and will give CMAC more specific information when it becomes available.

Ms. Hutchison noted that DHCS received a call from CMS regarding increases to the State Children's Health Insurance Program (SCHIP) allotments, but had hoped CMS would give more specific information pertaining to impacts on California. DHCS plans to ask CMS specific questions in the near future.

In response to questions asked by Commissioner Chan, Mr. Ward indicated that legislation is required in order to do away with semi-annual budget reporting and Ms. Hutchison informed CMAC that the target date for submission of the next hospital financing waiver is September 1, 2009, and that she would provide CMAC with a report on the details at a future CMAC meeting.

Mr. Berger informed the Commissioners that the next scheduled CMAC meeting is March 12, 2009, but since there are no contracts or amendments noticed for that week, he recommended that the Commission cancel that meeting.

At this time, the March 12, 2009 CMAC meeting was cancelled by Chair McFadden.

Mr. Berger indicated that the next CMAC meeting will be March 26, 2009 and there would be a full closed session agenda.

Mr. Berger reminded the Commissioners that their Form 700s, Statement of Economic Interests, are due by the end of March and if they have any questions regarding accessing, completing or filing the form, Katie Knudson is available to help them.

Mr. Berger noted that the California Children's Hospital Association (CCHA) has requested an appearance before the Commissioners to provide an update and overview of the accomplishments and challenges of the children's hospitals. The Commissioners agreed to an open session appearance from CCHA at the April 9, 2009 meeting.

Mr. Berger indicated that there were three contracts and amendments before the Commissioners for review and action as well as several extended discussions and updates regarding current negotiations and negotiation strategies.

#### **IV. Department of Health Care Services (DHCS) Report**

Nancy Hutchison, DHCS, had nothing further to report.

**V. Consideration of Approval of CMAC Determinations for  
Health & Safety Code § 130061.5(b)(3)(iii)**

Mr. Berger informed the Commissioners that Health and Safety Code section 130061.5 was added to the statutes last year. It allows hospitals that meet certain conditions to qualify for an extension of the deadline by which they need to complete their seismic upgrades.

Mr. Berger noted that hospitals had to submit extension requests to the Office of Statewide Health Planning and Development (OSHPD) by January 1, 2009. He said that hospitals also had to meet certain financial criteria as well as several other conditions, two of which involve CMAC.

One of the conditions involving CMAC, explained Mr. Berger, is that the hospital maintains a Medi-Cal Select Provider Contracting Program (SPCP) contract, unless they are located in an open HSPA. He noted that one of the other conditions can be met in one of four ways, with one of the four ways involving CMAC.

Mr. Berger indicated that most of the requesting hospitals that met the financial requirements met that other condition in one of the other ways, such as being located in a Medically Underserved Area or in a Health Professions Shortage Area designated by the federal government.

Mr. Berger noted that the part of the condition involving CMAC, in section 130061.5(b)(3)(iii), is met if CMAC determines that the hospital is essential to providing and maintaining Medi-Cal services in the hospital's service area, which CMAC has considered for the designated SPCP contracted hospitals.

At this time Mr. Berger recommended that the Commissioners approve the following four hospitals as meeting the condition set forth in section 130061.5(b)(3)(iii): Memorial of Gardena Hospital, Whittier Hospital, East Valley Hospital, and Brotman Medical Center. The recommendation was unanimously approved by the Commissioners.

**VI. New Business/Public Comments/Adjournment**

Kirk Hutson, Capitol Director for Senator Strickland, expressed support for Simi Valley Hospital on behalf of Senator Strickland who was unable to attend the meeting.

There being no new business and no other comments from the public, Commissioner McFadden recessed the open session. Commissioner McFadden opened the closed session and, after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Commissioner McFadden announced that the Commission had taken action on hospital contracts and amendments in closed session. The open session was then adjourned.